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STATINTL

BETTY BEALE

Special to The Washington Star

Celebration And Reunion



It was a diplomat-CIA reunion. It was a celebration of Vietnam refugees' success in America. It was also an interesting party.

When former CIA agent Ogden Williams asked former Ambassador and Mrs. Randolph Kidder if they would be interested in helping a hardworking refugee family publicize its restaurant, the Kidders jumped at the chance. They had warm memories of Vietnamese from their pre-war Saigon days, and knew what the people could do.

So Monday night the Kidders and Williams took over modest little La-Pagode Restaurant on Route 7 in Falls Church and threw a dinner party for 48 that included some famous Americans associated with Vietnam — such as Ambassador Ellsworth Bunker, former CIA director Bill Colby and the renowned Air Force Maj. Gen. Edward Lansdale, who was loaned to the CIA and was adviser to South Vietnam's President Ngo Dinh Diem.

And there were Gen. Richard Stillwell, a military adviser to Ronald Reagan, former commanding general in Korea and chief of staff of the Army in Vietnam in the '60s; George Lauder, deputy inspector general of the CIA; James Patton and Lawrence Houston, both formerly of the CIA; Mrs. Sam Berger, widow of our one-time ambassador to Vietnam; Charles Whitehouse, our former ambassador to Laos and Thailand; John Tobler, AID director in Laos in the '60s; and William Trueheart, one-time deputy chief of mission in Saigon. Wives were also present.

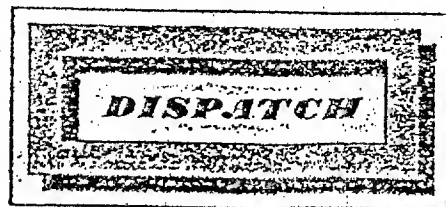
The memories of any one of these could, and have, filled books, but none could be more fascinating than Ogden Williams' own story. Williams, who left the CIA in 1962 to become AID director in Vietnam until 1974, went back there to help Vietnamese friends escape when we pulled out of South Vietnam.

"I wanted to express solidarity with all those people who felt the rug had been pulled out from under them" he said. It was he who told Mrs. Nhan Trinh, now vice president of La Pagode Corp., to grab her daughter and a suitcase and come with him to the airport to see if he could get them on an outgoing plane, which he did. Her 13-year-old son

was out of town so had to be left behind and is still there with her parents. Another son had gotten to Texas a year earlier. Her husband, Vietnamese Maj. Long K. Trinh, president of their company, managed to escape a few days after his wife.

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JONATHAN MARSHALL

The friends of Michael Hand

MICHAEL HAND WAS tough. He could take the heat. Highly decorated for bravery in Vietnam, he boasted, "I'm frightened of nothing. I've killed men from behind a machine gun while under fire and outnumbered." But even Hand had to admit that Vietnam "was nothing compared to the mess I've been left with to clean up this bank." Frank Nugan, his partner at the Nugan Hand bank in Australia, had been found with his bullet-riddled brains splattered all over the inside of his car. Nugan had departed from this world leaving the bank with millions in debts and unrecorded transactions. As Australian commonwealth police, Royal Commission investigators, and agents of the CIA, FBI, and U.S. Customs began sniffing around, ugly rumors began to surface about the bank's ties to prominent politicians, to drug runners and mobsters in Australia and the United States, and even to the CIA. It was time to run. Hand ran.

Built like a linebacker, Michael Hand was a wholesome, all-American boy. He studied forestry at Syracuse University, then worked briefly as a teacher in Los Angeles. In 1965 he went off to fight in Vietnam. He served in the army Special Forces, whose exploits included secret missions for the CIA into North Vietnam, Laos, and Cambodia. It was then, perhaps, that he made the first of a long string of less than savory friendships. In a rough war, Hand's buddies were the roughest of the lot. Hand won the Distinguished Service Cross for rescuing his commanding officer during a savage firefight in the highlands of central Vietnam.

Hand left Vietnam in 1968 to settle in

Sydney, where he and other American soldiers had so often gone for "rest and recreation." Young and ambitious, he soon teamed up with an equally hungry Australian, Frank Nugan. The son of a Spanish migrant who made good in the food-packing business, Nugan took a law degree at the University of California at Berkeley. His easy, ingratiating manner could "charm the pants off anybody," one of his American business associates recalls. Equally important, he relished the "open combat" of the business world and wouldn't shirk a good fight. The two men were made for each other.

In 1970 Nugan and Hand went into partnership as investment advisers. Most of their clients were current or former American servicemen whom Hand had met in Vietnam or in Sydney bars. Together the pair made a bundle in land and mining speculation during the boom of the early 1970s. Before the boom turned to bust, they took their profits; in 1973, with an eye to international markets, where business was still good, they organized the Nugan Hand merchant bank. From a small beginning, the turnover reportedly skyrocketed.

holders of Ken's vegetable packing firm by illegally manipulating the company's annual meeting in 1977. A Sydney



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FOR PUBLIC AFFAIRS STAFF

PROGRAM Independent Network News STATION WDCA TV
DATE November 14, 1980 11:30 PM CITY Washington, DC
SUBJECT Quotes Former Directors of the CIA

BILL JORGENSEN: Now the business of building a new Administration brings the Republican economic brain trust to Los Angeles this weekend. These 14 experts will wrestle with details of the Reagan economic plan, deciding how to make it work.

Reagan says he'll be in Washington for two days next week, and the goal is building bridges with Congress and visiting his new home which, of course, is the White House.

STEVE BOSH: Bill, in those meetings this weekend, the Central Intelligence Agency will be a priority discussion. The recent efforts to tighten congressional controls on the CIA will not be looked upon favorably by the Senate Intelligence Committee's new Chairman, Senator Barry Goldwater.

And former directors are saying the very same thing, as we hear in this report from Ford Rowan.

FORD ROWAN: Several former high officials in the Central Intelligence Agency predict that covert operations will escalate under President Reagan. Covert actions were curtailed several years ago after it was disclosed that the CIA had plotted assassinations, experimented with drugs and spied on Americans.

Sources say that under President Carter's CIA Director, Stansfield Turner, the number of covert missions has been modest. But William Casey, a top Reagan adviser, is expected to push for revitalizing the CIA.

Former CIA Director William Colby said there will not be a recurrence of abuses but he expects covert activities will increase.

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Le Couvert Blown: William Colby en Français

Finally, proof that
Frank Snepp was framed.

by Joseph Nocera

"We are trying, or I am trying, inside the Central Intelligence Agency...to educate our people on what the Publications Review Board does. I try to show them that we are there to help them, that we are a service-oriented board. We are not censors. Indeed, in [the regulations] Admiral Turner insisted that the one line be put in there that says approval will not be denied solely because the subject matter may be embarrassing to, or critical of, the agency. That was one of the refinements in the regulations, and it is assiduously followed. Mr. Peyton, our lawyer, keeps our feet to the fire...."

Herbert E. Hetu said that. You may never have heard of him, but Herb Hetu is one of Washington's most-quoted people. As the CIA's man in charge of public relations, it is he, more often than not, who is the anonymous CIA spokesman doling out a no-comment or an unattributable semi-clarification when reporters come calling. But that's not all Herb Hetu does for the CIA. He also serves as chairman of the Publications Review Board, which is charged with pre-screening all CIA-related manuscripts written by current and former employees, and it was while wearing this particular hat that he made that statement.

The date was March 6; Hetu was testifying before the House Select Committee on Intelligence. Three weeks earlier, the Supreme Court had handed down its

Contributing editor Joseph Nocera currently lives, works—and reads—in Paris.

extraordinary decision ruling that ex-CIA agent Frank Snepp had sinned mightily by publishing a book about the agency without first submitting it to Hetu's board for approval. During the court proceedings, the CIA had not argued its case on the basis that Snepp's book contained any classified information. It had contended simply that Snepp violated the so-called "secrecy agreement," a document all agents sign when they join the CIA, pledging to give their employer the right to review anything they might ever write about it. In ruling for the CIA, the Court agreed that this was a transgression so grievous that Snepp deserved to be soundly cuffed. So it stipulated that the CIA could go back to court to collect the \$200,000 or so that Snepp had earned in royalties from his book—leaving him penniless, or close to it.

Frank Snepp's *Decent Interval* had been published in January 1978 to general acclaim. It was a devastating inside account of the performance of the American government—and the CIA in particular—during the fall of South Vietnam. His conclusions did not make for light reading: he believed, for example, that thousands of Vietnamese who had faithfully served the American cause were coldbloodedly abandoned to an almost certain death because their American mentors didn't bother to destroy confidential employment files. Snepp was bitter about the CIA, but anyone who read his book knew he wasn't trying to destroy the agency—he was

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7FORMER CIA DIRECTOR CAUTIONS AGAINST RELIANCE ON MILITARY SPENDING
7BY BARTON REPERT

7ASSOCIATED PRESS WRITER

WASHINGTON (AP) - FORMER CIA DIRECTOR WILLIAM E. COLBY CAUTIONED TODAY AGAINST THE UNITED STATES PUTTING ITS FAITH IN "A NEW MAGINOT LINE" OF INCREASED MILITARY SPENDING AT THE EXPENSE OF DEALING WITH WORLDWIDE ECONOMIC INSTABILITY AND OTHER BASIC THREATS TO THE NATION'S SECURITY.

COLBY SPOKE AT THE OPENING OF A DAY-LONG CONFERENCE SPONSORED BY THE COMMITTEE FOR NATIONAL SECURITY, A NON-PARTISAN ORGANIZATION URGING A CRITICAL LOOK AT PENTAGON POLICIES.

COLBY NOTED THAT IN THE FACE OF A CONTINUED SOVIET ARMS BUILDUP, "WE DO NEED TO BUILD UP OUR OWN MILITARY; BUT I THINK WE NEED TO SELECT THE RIGHT WEAPONS AND THE RIGHT FORCES."

FOR EXAMPLE, HE SAID, SOVIET-BLOC FORCES IN CENTRAL EUROPE HAVE A 2-1 EDGE OVER THE WEST IN TANKS. BUT COLBY SAID NATO'S MAIN CONCERN SHOULD BE INCREASING ITS ARSENAL OF PRECISION-GUIDED ANTITANK WEAPONS RATHER THAN TRYING TO MATCH THE SOVIET TANK NUMBERS.

HE SAID THE UNITED STATES NOW NEEDS "A FORWARD, PROGRESSIVE AMERICAN POLICY TO OVERCOME THE SOURCES OF REAL TURMOIL, OF REAL DANGER, TO OUR NATIONAL SECURITY IN THE YEARS AHEAD."

THAT WILL MEAN DEALING IN A COMPREHENSIVE WAY WITH WORLD ECONOMIC PROBLEMS AND POLITICAL INSTABILITY, PARTICULARLY IN THE MIDDLE EAST, CENTRAL AMERICA AND SOUTHERN AFRICA, HE SAID.

COLBY STRESSED IT WOULD BE IMPORTANT "NOT TO PUT OUR FAITH IN SOME NEW MAGINOT LINE, ONLY TO SEE IT CIRCUMVENTED AND OUR COUNTRY SUFFER AS A RESULT."

(over)

THE MAGINOT LINE WAS AN EXTENSIVE SYSTEM OF FIXED FORTIFICATIONS BUILT BY THE FRENCH ALONG THEIR BORDER WITH GERMANY IN THE 1930s. NAZI TANKS QUICKLY SKIRTED THE LINE IN THEIR ASSAULT ON FRANCE IN 1940.

APPEARING AT A NEWS CONFERENCE IN CONNECTION WITH THE CONFERENCE, PAUL WARNKE, FORMER CHIEF U.S. NEGOTIATOR FOR THE NOW-STALLED SALT II STRATEGIC ARMS LIMITATION PACT, COMMENTED ON THE STRONG PRO-DEFENSE STANCE TAKEN BY RONALD REAGAN DURING THE ELECTION CAMPAIGN AND CRITICIZED WHAT HE CALLED "A LOT OF NONSENSE THAT'S BEEN PEDDLED TO THE AMERICAN PUBLIC IN THE DEFENSE DEBATE."

HE SAID THAT DESPITE REAGAN'S ESPOUSED OPPOSITION TO THE SALT II TREATY, THERE IS STILL HOPE THAT THE ARMS LIMITATION PROCESS CAN GO FORWARD WITH THE SOVIETS.

"CERTAINLY THE REMARKS THAT I HAVE SEEN COMING OUT OF MOSCOW INDICATE THAT THEY (THE SOVIETS) ARE PREPARED TO PROCEED WITH THE PROCESS," HE SAID.

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Multinationals seen opting for own foreign intelligence

By Brian Sullam

Multinational corporations are going to begin gathering their own intelligence abroad because "it is too important a function to be left to government," according to William E. Colby, the former director of central intelligence.

But the challenge during the next two decades facing both government agencies and private corporations is not collecting facts but "determining what do they mean," Mr. Colby noted.

Speaking to the Baltimore chapter of the North American Society for Corporate Planning, the director of central intelligence from 1973 to 1976 explained that corporate planning is not much different from the intelligence activities performed by government agencies.

American corporations, he noted, could become future targets in Third World countries because these countries, whether by political design or mob turmoil, might find it to their political advantage to think in terms of disrupting the activities of multinational corporations rather than cooperating with them.

They are likely to focus on U.S. companies because "we are the easiest and civilist target."

Despite these seemingly pessimistic assessments, Mr. Colby said he is optimistic about future relations with nations of the Third World.

He noted that unity among the less developed countries against the industrial

countries of the world is breaking down because they see the examples of Japan, Taiwan and Korea, who have all cooperated with the West and experienced economic growth and an improvement in their societies.

Mr. Colby said he foresees the situation arising where "cooperation is developed to the mutual benefit and profit" of the developed and less developed countries.

Intelligence does not provide corporations or government with a crystal ball that allows them to see the future but rather provides a warning and allows policy-makers the opportunity to "bring about a better rather than a worse result."

The other function of intelligence is not to provide answers but to stimulate questions "that cause you to think and act."

As an illustration, he said, the intelligence community knew the basic facts about Iran, but they were not presented in a way to give them the proper relevance to the policy-makers.

Although the intelligence community might have said the shah had only a 5 percent chance of being overthrown before the revolution in 1979, it did not convey the devastating impact of such an overthrow.

Had policy-makers been more aware of these drastic consequences, they might have made more of an effort to preventing that action from taking place, Mr. Colby said.

Mr. Colby also noted that corporations gathering information for their own use is

part of the evolution in American intelligence that has occurred since Pearl Harbor.

It has become more systematic. Facts are assembled under one roof, thought about and examined for meaning. Mr. Colby noted that bits of information indicating that the Japanese were thinking of attacking Pearl Harbor were known to separate branches of government but they were never put together.

Another development was technology, like the U-2 spy plane, that allowed governments to extend their knowledge into areas that other governments were trying to keep secret.

He also noted that the phrase "need to know" has taken on new meaning.

Rather than just meaning limited distribution of information, it has also become to mean that those who have the responsibility of making decisions "need to know all the relevant information."

This is applicable to business as well as government managers, he noted.

Mr. Colby noted that intelligence gathering is a normal function of human life but is not always infallible. He pointed out that Moses was the first spy master, sending out warriors to give the wandering Israelites a picture of what lay ahead in Canaan.

"They reported back it was a land flowing with milk and honey, which was then subject to some criticism later," Mr. Colby wryly remarked.

Australian banker sparks saga of misdeposits, official

By James Dooley

Advertiser Staff Writer

The death of an Australian banker early this year outside Sydney has generated an international tale of financial intrigue that spreads even to Honolulu.

The banker was Frank J. Nugan, 35, who apparently killed himself Jan. 25 in a car parked on a lonely road. Shortly thereafter, the Sydney-based Nugan Hand Bank went broke.

Former U.S. Brig. Gen. Edwin Black, husband of Cobey Black, one of The Advertiser's contributing columnists, said he was the local representative of the Nugan Hand Bank.

"The Australian newspapers have been trying to blow this thing up, to bring in the Mafia, the CIA, international drug deals, all that sort of thing, and it's just not there," Black said.

Since Nugan died, a number of peculiar things have happened to bank officials and bank deposits. Mostly they have vanished without a trace.

Nugan's partner, Michael Jon Hand, disappeared from Australia after stating at a coroner's inquest into Nugan's death that Nugan had misappropriated at least \$3 million in the bank's assets and had made loans of a like amount to persons or groups who could not be identified.

According to the Australian press, some \$20 million is gone from the bank's Cayman Islands office, along with all office records.

Gone, too, is \$800,000 in cash from the office safe of one of Nugan's Sydney companies.

Some \$2.8 million is reported missing from the bank's Hong Kong office.

The head of the bank's Singapore office is reported missing. Black told The Advertiser that the Saudi Arabian bank representative also has disappeared.

Black said the Nugan Hand Bank was "a private merchant bank headquartered in Sydney, with representative offices throughout the world," including London, Singapore, Saudi Arabia, Bangkok, Honolulu, San Francisco and Manila.

Retired U.S. Adm. Earl Yates, once assigned to CINCPAC in Honolulu, ran the bank's office in Virginia Beach, Va., Black said.

"I got to know Yates when he was with CINCPAC," Black said.

"It was through him that I was brought into the organization. He came through here in late 1977 or early 1978, introduced me to Nugan and Hand, gave me a pitch to join them and I did."

"The office here did not do any actual banking," Black said.

"My role was to assist the bank's clients, people who had deposited money with the bank in promoting business activities they might be interested in in Southeast Asia, Thailand, Hong Kong," he said.

"Black was the commander of U.S. Army forces in Thailand in the late 1960s."

"The bank sold commercial paper — short-term certificates of deposits — at a high rate of interest," Black explained.

"At one time, the Australian interest rates on commercial paper were higher than in the U.S. or the international market."

"It was a perfectly legitimate business. At one point, an American bank — I think it was in Philadelphia — bought a half-million dollars in certificates, collected their interest, and were very happy about it," said Black.

"I was on retainer and was available full-time, but I didn't really work full-time," Black said.

"I traveled for them, went to Sydney and attended meetings, that sort of thing. It was a good deal," Black said.

"As for allegations that the bank was connected to the CIA," Black said, "There's nothing to it."

Black's name was included on a list of names published recently by the London Sunday Times of persons connected to Nugan Hand, some of them with CIA backgrounds.

"They try to bring me into it because I used to be in the OSS (Office of Strategic Services)," he said.

"That was right after I got out of the lines in France and Germany," he said.

"OSS was the predecessor to the CIA, so they try to make a big deal out of that," he said.

The London Sunday Times reported that the directors and shareholders of Australian and Pacific Holdings, a company set up by Hand, were mostly employees of Air America, the CIA-controlled airline in Southeast Asia.

The Sunday Times also reported that John Arthur Paisley, a former CIA officer who committed suicide under strange circumstances in 1978 during a fishing trip on Chesapeake Bay, was a Nugan Hand man.

The most interesting CIA connection was the employment of former CIA Director William Colby by Nugan Hand after he left the agency.

"Colby got involved in the last days of the bank's existence; they signed him on as a consultant," Black told The Advertiser.

Colby's business card was found on the body of the man identified as Nugan in Australia.

Also found on the body was a copy of the New Testament with Frank Nugan's handwriting on the title page.

He had written:

"I place this day, my life, my work, my loved ones in the Lord's hands. He is so good it will be a good day."

"I believe, I believe this will be a glorious magical miraculous day. He is with me now. Jesus walks. He is with me now. Visualise 100,000 customers worldwide. Prayerise, actualise. God is our partner in GNH and Co."

GNH and Co. is believed (by the Australian press) to be God, Nugan Hand and Co.

Michael Hand, before he disappeared, reportedly said that a photograph of the dead Nugan was actually not Nugan. And the Australian press has questioned the circumstances of Nugan's suicide, speculat-